

San Benito County Economic Forecast

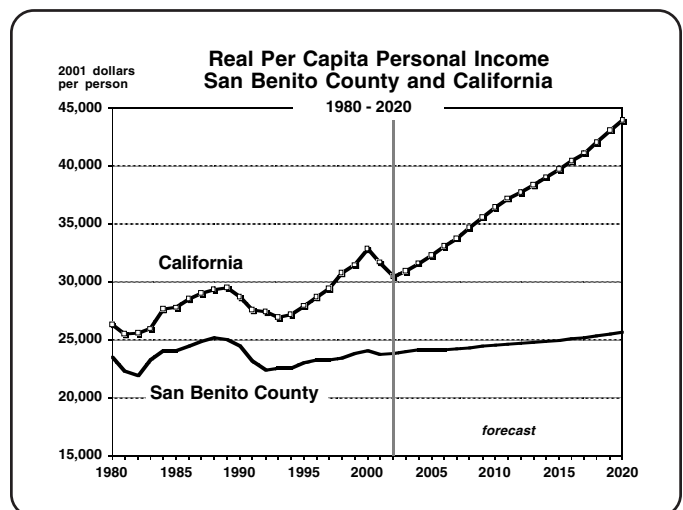
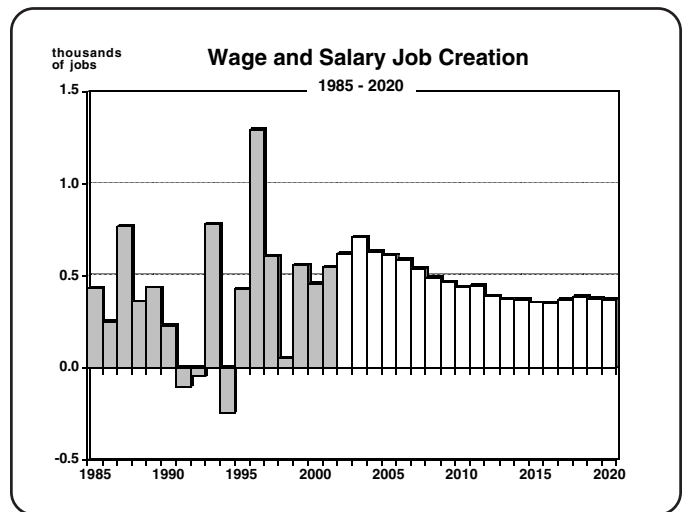
San Benito's varied economic base is dominated by the government, retail trade, and manufacturing industries. Employment in government, the largest industry in the county, has been growing steadily over the last five years, accounting for 18.2 percent of total employment in 2001. Within government, the majority of jobs (88 percent) are in local government. Non-farm industry projections estimate government will increase by 560 jobs between 2002 and 2007, with nearly all of the new jobs created in the state and local government sector.

In addition to industry growth, out-of-county employment is a significant factor in the local economy as many San Benito residents commute to Santa Cruz, Monterey, and Santa Clara counties to work. However, residential expansion, the development of transportation systems, and the county's proximity to the Silicon Valley continue to encourage economic development and support. Between 1996 and 2000, an average of 600 homes were built per year in the County.

San Benito is a largely agricultural county, creating a diverse landscape of vineyards, crop land, fruit and nut orchards, and grazing pastures for cattle and sheep. The agriculture industry employs 14.1 percent of total employment, and uses over half of the county's land area.

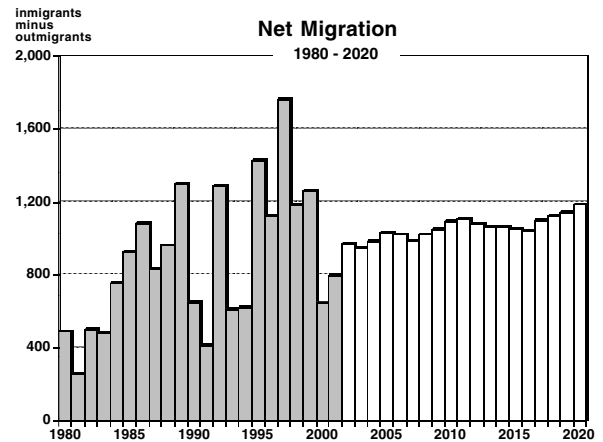
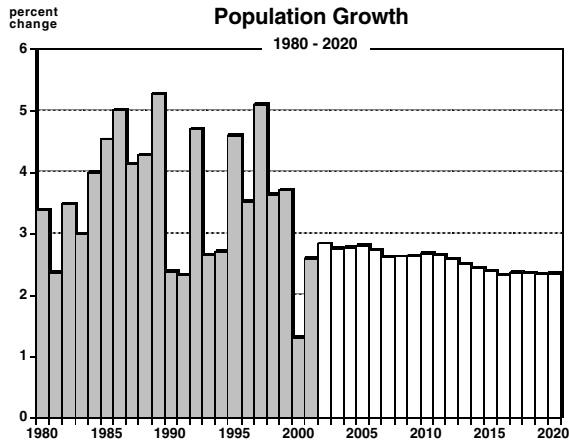
Forecast Highlights

- The county is forecast to create 3,100 new non-farm wage and salary jobs between 2002 and 2007. The forecast rate of job growth averages 3.6 percent per year.
- Real per capita income rises 0.5 percent per year over the next 5 years. Total inflation-adjusted personal income increases 3.2 percent per year.
- The unemployment rate will average approximately 8.5 percent for the next several years. The farm sector will remain important to the San Benito County economy over the short-term forecast period. However, the County is diversifying and more jobs will be created in the non-farm sector over the longer term.
- Population growth averages 2.75 percent per year between 2002 and 2007. The natural increase is the principal engine of population growth. But net migration



also contributes significantly to an expanding population. The number of net migrants is forecast to average 990 per year over the next 5 years.

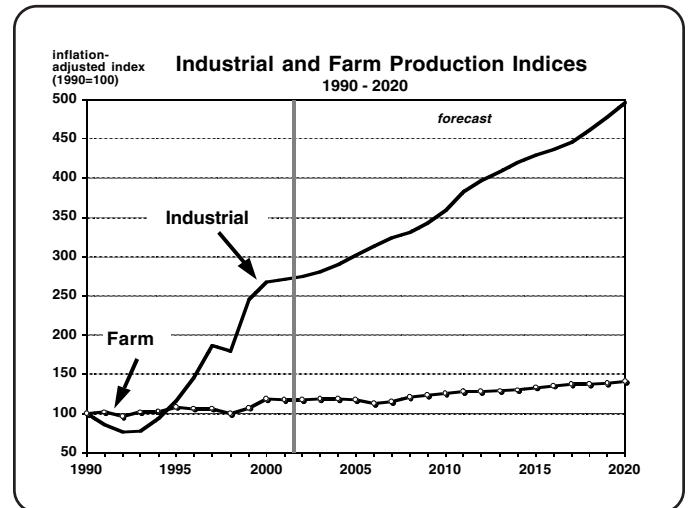
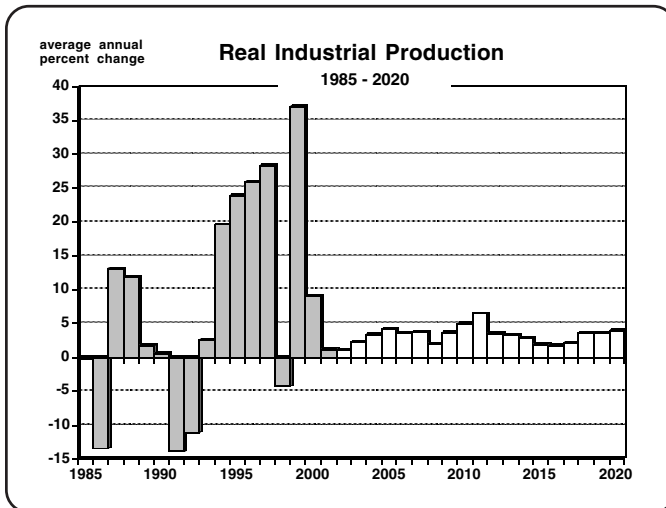
- Approximately 400 new homes are permitted each year over the next 5 years. That rate of building is not enough to keep housing densities or housing prices from rising further throughout the county.
- The median home selling price (adjusted for general price inflation) was \$341,222 in 2001. It is projected to rise to \$362,180 in 2002, and \$423,200 by 2007.



San Benito County Economic Forecast

1995-2001 History, 2002-2020 Forecast

| | Population (people) | Net Migration (people) | Registered Vehicles (thousands) | Households (thousands) | New Homes Permitted (homes) | Retail Sales (billions) | Personal Income (billions) | Real Per Capita Income (dollars) | Farm Crop Value (millions) | Industrial Production (billions) |
|------|------------------------|------------------------------|---------------------------------------|---------------------------|-----------------------------------|-------------------------------|----------------------------------|---|-------------------------------------|--|
| 1995 | 45,400 | 1,428 | 36.3 | 13.0 | 422 | \$0.2 | \$0.8 | \$23,032 | \$160 | \$0.3 |
| 1996 | 47,000 | 1,126 | 38.2 | 13.4 | 443 | \$0.2 | \$0.9 | \$23,249 | \$160 | \$0.4 |
| 1997 | 49,400 | 1,764 | 37.9 | 13.8 | 630 | \$0.2 | \$1.0 | \$23,265 | \$165 | \$0.5 |
| 1998 | 51,200 | 1,185 | 41.9 | 14.4 | 745 | \$0.2 | \$1.0 | \$23,417 | \$161 | \$0.5 |
| 1999 | 53,100 | 1,265 | 44.9 | 14.9 | 581 | \$0.2 | \$1.1 | \$23,815 | \$180 | \$0.7 |
| 2000 | 53,800 | 648 | 49.0 | 15.7 | 541 | \$0.3 | \$1.2 | \$24,030 | \$209 | \$0.8 |
| 2001 | 55,200 | 797 | 52.4 | 16.1 | 327 | \$0.3 | \$1.3 | \$23,716 | \$216 | \$0.8 |
| 2002 | 56,773 | 974 | 54.5 | 16.5 | 385 | \$0.4 | \$1.4 | \$23,801 | \$226 | \$0.8 |
| 2003 | 58,341 | 949 | 57.2 | 16.8 | 386 | \$0.4 | \$1.5 | \$23,964 | \$234 | \$0.8 |
| 2004 | 59,965 | 985 | 59.9 | 17.2 | 398 | \$0.4 | \$1.6 | \$24,082 | \$241 | \$0.8 |
| 2005 | 61,652 | 1,032 | 62.8 | 17.6 | 425 | \$0.5 | \$1.7 | \$24,107 | \$245 | \$0.9 |
| 2006 | 63,341 | 1,022 | 64.9 | 18.1 | 419 | \$0.5 | \$1.8 | \$24,222 | \$244 | \$0.9 |
| 2007 | 65,011 | 987 | 67.3 | 18.5 | 392 | \$0.5 | \$1.9 | \$24,275 | \$255 | \$0.9 |
| 2008 | 66,727 | 1,022 | 69.7 | 18.9 | 407 | \$0.6 | \$2.0 | \$24,361 | \$276 | \$1.0 |
| 2009 | 68,498 | 1,050 | 71.9 | 19.3 | 423 | \$0.6 | \$2.1 | \$24,453 | \$290 | \$1.0 |
| 2010 | 70,342 | 1,097 | 74.1 | 19.8 | 450 | \$0.7 | \$2.3 | \$24,533 | \$305 | \$1.0 |
| 2011 | 72,219 | 1,109 | 76.1 | 20.2 | 461 | \$0.7 | \$2.4 | \$24,631 | \$320 | \$1.1 |
| 2012 | 74,090 | 1,085 | 77.8 | 20.7 | 446 | \$0.8 | \$2.6 | \$24,683 | \$333 | \$1.1 |
| 2013 | 75,951 | 1,062 | 79.5 | 21.2 | 423 | \$0.8 | \$2.7 | \$24,761 | \$346 | \$1.2 |
| 2014 | 77,813 | 1,063 | 80.8 | 21.6 | 416 | \$0.9 | \$2.9 | \$24,870 | \$363 | \$1.2 |
| 2015 | 79,684 | 1,051 | 82.3 | 22.1 | 406 | \$0.9 | \$3.1 | \$24,972 | \$383 | \$1.2 |
| 2016 | 81,550 | 1,041 | 83.4 | 22.5 | 393 | \$1.0 | \$3.3 | \$25,095 | \$405 | \$1.3 |
| 2017 | 83,493 | 1,103 | 84.7 | 22.9 | 429 | \$1.1 | \$3.5 | \$25,213 | \$426 | \$1.3 |
| 2018 | 85,478 | 1,127 | 85.7 | 23.4 | 446 | \$1.1 | \$3.8 | \$25,345 | \$445 | \$1.3 |
| 2019 | 87,494 | 1,145 | 86.8 | 23.8 | 457 | \$1.2 | \$4.0 | \$25,492 | \$465 | \$1.4 |
| 2020 | 89,568 | 1,187 | 88.0 | 24.3 | 483 | \$1.3 | \$4.3 | \$25,630 | \$488 | \$1.4 |



| Total Wage & Salary (000) | Farm (000) | Mining & Construction (000) | Manufacturing (000) | Transportation, Utilities (000) | Wholesale, Retail Trade (000) | Finance, Real Estate (000) | Services (000) | Government (000) |
|-----------------------------|------------|-----------------------------|---------------------|---------------------------------|-------------------------------|----------------------------|----------------|------------------|
| -----employment (jobs)----- | | | | | | | | |
| 12.0 | 2.5 | 0.7 | 1.8 | 0.3 | 2.7 | 0.3 | 1.4 | 2.2 |
| 13.3 | 2.6 | 0.8 | 2.1 | 0.4 | 3.1 | 0.3 | 1.6 | 2.3 |
| 13.9 | 2.2 | 1.1 | 2.1 | 0.3 | 3.5 | 0.4 | 1.8 | 2.5 |
| 13.9 | 2.0 | 1.2 | 1.9 | 0.3 | 3.6 | 0.4 | 1.9 | 2.6 |
| 14.5 | 2.0 | 1.3 | 2.2 | 0.3 | 3.7 | 0.4 | 2.0 | 2.7 |
| 14.9 | 1.9 | 1.3 | 2.4 | 0.3 | 3.8 | 0.4 | 2.0 | 2.8 |
| 15.5 | 2.2 | 1.3 | 2.5 | 0.3 | 3.9 | 0.3 | 2.1 | 2.8 |
| 16.1 | 2.2 | 1.3 | 2.5 | 0.3 | 4.2 | 0.3 | 2.3 | 2.9 |
| 16.8 | 2.3 | 1.4 | 2.5 | 0.3 | 4.5 | 0.3 | 2.5 | 3.0 |
| 17.5 | 2.3 | 1.4 | 2.5 | 0.3 | 4.7 | 0.3 | 2.7 | 3.1 |
| 18.1 | 2.3 | 1.4 | 2.6 | 0.3 | 5.0 | 0.4 | 2.9 | 3.3 |
| 18.7 | 2.4 | 1.4 | 2.6 | 0.3 | 5.2 | 0.4 | 3.0 | 3.4 |
| 19.2 | 2.4 | 1.4 | 2.6 | 0.3 | 5.5 | 0.4 | 3.1 | 3.5 |
| 19.7 | 2.4 | 1.5 | 2.6 | 0.3 | 5.7 | 0.4 | 3.2 | 3.6 |
| 20.2 | 2.4 | 1.5 | 2.7 | 0.3 | 5.9 | 0.4 | 3.3 | 3.7 |
| 20.6 | 2.3 | 1.5 | 2.7 | 0.3 | 6.2 | 0.4 | 3.4 | 3.8 |
| 21.0 | 2.3 | 1.5 | 2.8 | 0.3 | 6.4 | 0.5 | 3.4 | 3.9 |
| 21.4 | 2.3 | 1.6 | 2.8 | 0.3 | 6.6 | 0.5 | 3.5 | 4.0 |
| 21.8 | 2.3 | 1.6 | 2.8 | 0.3 | 6.7 | 0.5 | 3.5 | 4.0 |
| 22.2 | 2.3 | 1.6 | 2.9 | 0.3 | 6.9 | 0.5 | 3.6 | 4.2 |
| 22.5 | 2.3 | 1.6 | 2.9 | 0.3 | 7.1 | 0.5 | 3.6 | 4.2 |
| 22.9 | 2.2 | 1.6 | 3.0 | 0.3 | 7.2 | 0.5 | 3.7 | 4.3 |
| 23.3 | 2.2 | 1.6 | 3.1 | 0.3 | 7.4 | 0.6 | 3.8 | 4.4 |
| 23.7 | 2.2 | 1.6 | 3.1 | 0.3 | 7.5 | 0.6 | 3.8 | 4.5 |
| 24.0 | 2.2 | 1.7 | 3.2 | 0.3 | 7.6 | 0.6 | 3.9 | 4.6 |
| 24.4 | 2.2 | 1.7 | 3.3 | 0.3 | 7.8 | 0.6 | 3.9 | 4.6 |

